The plaintiff to establish a *prima facie* case relies on rule 4(11) and (13) and contends that having regard to these two sub-rules, in the events that have happened, the proceedings against him before the said committee were concluded and not merely adjourned on the 4th of March 1967 and that therefore as from that date the said committee was *functus officio*, and being *functus officio*, could not lawfully continue to function in any manner whatsoever as a committee of inquiry under the 1964 Rules to inquire into the charges against the plaintiff.

I am of the opinion that this argument is unsound. Even if on the true construction of sub-rules (11) and (13), the act of the Public Service Commission in directing the said committee to sit and hear further evidence and the decision of the said committee to comply with that direction and thereby in fixing further dates for the plaintiff to be present when further evidence is heard can be said to amount to an attempt to disregard these two sub-rules, I am of the opinion that sub-rules (11) and (13) are purely procedural rules which are clearly directory and not mandatory in the sense that a breach or disregard of any of these two sub-rules would give a legal right to a person aggrieved thereby to redress in a court of law. Such a committee of inquiry is not a judicial tribunal of which it can be said that once these proceedings are concluded and a decision made by it on the matter to be adjudicated by it that it is *functus officio* and thereby has no more jurisdiction in the matter. All that the committee of inquiry under the 1964 Rules can do after inquiring into the matter is to submit a report to the Public Service Commission. There is nothing in the 1964 Rules specifying in what form the report of the committee of inquiry should be. Such a report may well take the form merely of an opinion based on all the evidence that has been brought before it by both sides or, it may well be in the form of an opinion together with recommendations or, it may well be in the form of an opinion together with advice or, it may well be in some other form.

The 1964 Rules contain no provisions as to when a committee of inquiry appointed under sub-rule (3) of rule 4 shall cease to exist. It seems to me therefore the Public Service Commission, the appointing authority, is entitled as such appointing authority to require the three defendants, being the committee of inquiry appointed to inquire into the charges against the plaintiff, to consider further evidence, by way of hearing the evidence of a fresh witness and to sit for that purpose. The step taken by the committee of inquiry to call upon the plaintiff to appear before it to fix a date suitable to the plaintiff and his counsel is in my opinion an essential step so as to comply with the constitutional safeguard provided by article 135(2) of the Constitution of Malaysia.

It seems to me therefore that if the action proceeds to trial, the plaintiff would *prima facie* fail to obtain the two declarations and the consequential injunction sought by him in his statement of claim. In my judgment this appeal must be allowed.

Tan Ah Tah F.J. concurred.

Ambrose J. did not deliver any judgment, his Lordship having since the hearing of the appeal retired.

Appeal allowed.

Solicitors: *S. K. Lee & Co.*

SIME DARBY SINGAPORE LTD. & ANOR. v. BEECHAM GROUP LTD.

[F.C. (Wee Chong Jin C.J., Tan Ah Tah F.J. & Winslow J.) August 10, 1968]

[Singapore—Federal Court Civil Appeal No. Y 55 of 1967]

Patents — Infringement of — Importation and sale of drug — Pharmaceutical and clinical differences — Injunction — Registration of United Kingdom Patents Ordinance (Cap. 181).

The Singapore High Court ([1968] 1 M.L.J. 86) granted an interlocutory injunction against both appellants restraining them until judgment in the action from advertising, offering for sale, selling or supplying the antibiotic hetacillin or any preparation containing the same or otherwise infringing either or both of the plaintiffs' Letters Patent Nos. 870395 and 873049 which have been registered in Singapore under the provisions of the Registration of United Kingdom Patents Ordinance. The appellants now appealed against this decision.

The first appellants Sime Darby imported into and sold in Singapore the antibiotic hetacillin. The second appellant, Bristol-Myers, an American corporation, manufactured the hetacillin imported into Singapore by Sime Darby. The respondents, Beecham, succeeded in isolating a semi-synthetic penicillin known as ampicillin. Beecham claimed that hetacillin was in substance the equivalent of ampicillin and they also claimed that hetacillin was manufactured by the use of their patented process so as to amount to an infringement of both their patents. More specifically Beecham contended that as hetacillin was in substance the medical equivalent of ampicillin there was infringement of claims 1, 2, 3, 5 and 20 of Patent 873049, which were product claims, by the sale of hetacillin in Singapore. Beecham also contended that having regard to the *Saccharin* [1] principle there was infringement of the same five product claims of the said patent by the importation and sale in Singapore of hetacillin. With regard to their process claims Beecham contended that on the *Saccharin* principle there was infringement of claim 1 of Patent 870395 and claim 12 of Patent 873049 because hetacillin is made by a process which is almost identical with the process of making ampicillin.

Held: (1) Bristol-Myers used a process in the manufacture of hetacillin which was covered by claim 12 of Beecham's Patent No. 873049. On the evidence the use by Bristol-Myers of Beecham's process in the course of the manufacture by them of hetacillin cannot

be said to be trivial in relation to the product hetacillin which has been imported and sold in Singapore and that the use of Beecham's process played a principal part in the process of making hetacillin. It followed that the *Saccharin* principle was, having regard to the reported decisions on this principle, clearly applicable in relation to the process claims;

(2) it was unnecessary for the court to deal with the argument relating to the product claims but it was right to indicate that until the matter had proceeded to a full trial the points raised and the affidavit evidence filed on behalf of the defendants were sufficiently weighty for the court to be unable to say at that stage of the proceedings that hetacillin was in substance the medical equivalent of ampicillin;

(3) on the facts, Bristol-Myers had a good defence in law by virtue of their licence agreements with Beecham in respect of the claim for infringement of Beecham's patents as registered in Singapore, arising out of the importation and sale of hetacillin by Sime Darby in Singapore. Bristol-Myers were entitled under their licence agreements to do everything that they did in U.S.A.;

(4) Sime Darby *prima facie* had no defence based on the licence agreements;

(5) as to the position between Beecham and Sime Darby the balance of convenience was clearly in favour of granting the interlocutory injunction. The harm caused to Beecham by withholding the injunction should they eventually succeed would be immeasurably greater than the harm that would be caused to Sime Darby should their defence to the action for infringement eventually succeed. The appeal by Bristol-Myers should be allowed and that by Sime Darby dismissed.

Cases referred to:—

(1) *Saccharin Corpn. Ltd.* v. *Anglo-Continental Chemical Works Ltd.* [1901] 1 Ch. 414.

(2) *Betts* v. *Willmott* (1871), L.R. 6 Ch. App. 239.

(3) *Beecham Group Ltd.* v. *International Products Ltd. & Bristol-Myers Co.* unreported Kenya High Court case.

(4) *Societe Anonyme des Manufactures de Glaces* v. *Tilghman's Patent Sand Blast Co.* (1883), 25 Ch. D. 1.

FEDERAL COURT.

R. K. Fullagar Q.C. and *A. P. Godwin* for the appellants.

J. P. Graham Q.C. and *A. C. Fergusson* for the respondents.

Cur. Adv. Vult.

Wee Chong Jin C.J. (delivering the judgment of the court): The High Court of Singapore granted an interlocutory injunction against both defendants restraining them until judgment in the action from advertising, offering for sale, selling or supplying the antibiotic hetacillin or any preparation containing the same or otherwise infringing either or both of the plaintiffs' United Kingdom Letters Patent No. 870395 and No. 873049 which have been registered in Singapore under the provisions of the Registration of United Kingdom Patents Ordinance under Number 99 of 1965 and Number 34 of 1962 respectively.

The defendants now appeal against this decision. The first defendants are Sime Darby Singapore Limited (hereinafter referred to as "Sime Darby"), a Singapore company who have imported into and sold in Singapore the antibiotic hetacillin. The second defendants are Bristol-Myers Company (hereinafter referred to as "Bristol"), an American corporation incorporated in Delaware, who manufactured the hetacillin imported into Singapore by Sime Darby.

The plaintiffs, Beecham Group Limited (hereinafter referred to as "Beecham"), in 1957, through their research chemists, succeeded in isolating the penicillin nucleus, 6-aminopenicillanic acid, (hereinafter referred to as "6-APA"). This achievement has been universally accepted as a fundamental break-through in antibiotic research and has opened the way to the making of a whole series of new penicillins which are conventionally known as semi-synthetic penicillins and which are formed by the addition to the nucleus of what is known to organic chemists as "side-chains".

One such semi-synthetic penicillin which Beecham discovered is generally known as ampicillin which Beecham manufacture and sell under the trade name "Penbritin". The processes by which ampicillin is manufactured and the product itself are protected by *inter alia* the two Beecham's patents No. 870395 and No. 873049 which patents have been registered in the United Kingdom, the United States of America, Singapore and many other countries.

It is common ground that following on Beecham's discovery of ampicillin, which has earned world-wide acceptance as being effective against both Gram-positive and Gram-negative organisms over a broad spectrum, Bristol were licensed, under a licence agreement and a supplemental licence agreement, to manufacture and sell ampicillin in the United States of America and Canada. It is also not in dispute that Bristol in the course of research by their chemists in the preparation and methods of manufacture of ampicillin discovered the substance hetacillin and that it has a different chemical structure to ampicillin. It is however not in dispute or at any rate in our opinion clear beyond doubt that hetacillin is a derivative of 6-APA. One method of its preparation being the reaction of acetone with ampicillin and another method consisting in treating 6-APA in aqueous acetone at a p^H between 2.5 and 3 with the acylating agent, D-alpha-aminophenylacetyl chloride hydrochloride and then adjusting the p^H to 7.5 with triethylamine, an alkaline, and storing the solution at 5-10°C for 20 hours.

Beecham claim that hetacillin is in substance the equivalent of ampicillin and they also claim

that hetacillin is manufactured by the use of their patented process as to amount to an infringement of both their patents.

More specifically Beecham say that as hetacillin is in substance the medical equivalent of ampicillin there is infringement of claims 1, 2, 3, 5 and 20 of Patent No. 873049, which are product claims, by the sale of hetacillin in Singapore. Beecham also say, that having regard to what is generally known as the *Saccharine* (1) principle, there is infringement of the same five product claims 1, 2, 3, 5 and 20 of Patent No. 873049 by the importation and sale in Singapore of hetacillin.

With regard to their process claims, Beecham say that on the *Saccharine* principle, there is infringement of claim 1 of Patent No. 870395 and claim 12 of Patent No. 873049 by the importation and sale in Singapore of the product, hetacillin, because in the course of the process of making hetacillin, ampicillin plays an important part or, to put it another way, hetacillin is made by a process which is almost identical, except for an addition which is of no real value or significance medically, with the process for making ampicillin.

We will first deal with the process claims. Claim 1 of Patent No. 870395 reads as follows:—

"A process for the preparation of 6-acyl-amino derivatives of penicillanic acid in which 6-aminopenicillanic acid . . . . or a salt thereof, is reacted with a carboxylic acid chloride or bromide, a sulphonic acid chloride, an ester or chlorocarbonic acid, and acid anhydride of a carboxylic acid or a mixed acid anhydride derived from a carboxylic acid."

Claim 12 of Patent No. 873049 reads as follows:—

"The process for the preparation of penicillin derivatives . . . . which comprises coupling 6-aminopenicillanic acid with an acid of the general formula XOH having its amino group . . . . protected, or a salt thereof, and thereafter removing the protecting group . . . . under sufficiently mild conditions to avoid destruction of the penicillin nucleus."

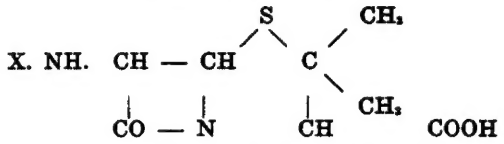
Claim 1 of Patent No. 870395 is a general claim to a process for the preparation of 6-acyl-amino derivatives of penicillanic acid whereby 6-APA is reacted with a carboxylic acid chloride and this claim protects the process by which ampicillin is manufactured. The full chemical name of ampicillin is alpha-aminobenzyl-penicillin and ampicillin is the product of the reaction of 6-APA with alpha-aminophenylacetyl chloride, which is the chloride salt of alpha-aminophenylacetic acid. In terms of chemistry, aminophenylacetic acid is a carboxylic acid.

In the commercial manufacture of hetacillin the method used by Bristol is described by Mr. Sadoff, one of Bristol's chemists, thus:—

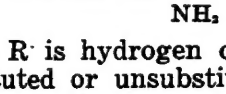
"6-aminopenicillanic acid (6-APA) is dissolved in water and a large quantity of acetone. The solution is then cooled, made acidic by addition of hydrochloric acid, after which D(-)-2-aminophenylacetyl chloride hydrochloride is added in small portions with concomitant addition of aqueous sodium hydroxide to maintain the solution at the desired acidity. These steps lead to the formation (by reaction of molecules of 6-aminopenicillanic acid with molecules of D(-)2-aminophenylacetyl chloride hydrochloride) of the hydrochloride salt of D(-)-alpha-aminobenzylpenicillin as one of the solute constituents of the solution. . . . ."

From this description it is clear that Bristol's manufacturing process starts with 6-APA which is reacted with aminophenylacetyl chloride hydrochloride. The first chemical reaction admittedly then is the reaction of 6-APA with a carboxylic acid chloride and therefore uses the process protected by claim 1 of Patent No. 870395.

Claim 12 of Patent No. 873049 is a claim to the process for the preparation of penicillin derivatives of the general formula:—

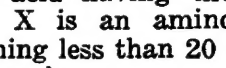


where X is an amino-substituted acyl group containing up to 20 carbon atoms and having the formula:—

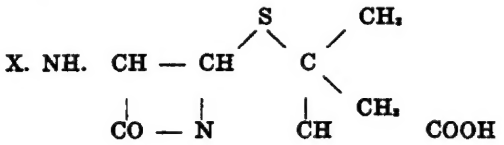


where R is hydrogen or an amino carboxyl or substituted or unsubstituted aklyl, aryl, aralkyl or heterocyclic group and N is zero or an integer, and non-toxic salts thereof, which comprises coupling 6-APA with an acid of the general formula XOH having its amino group or groups protected, or a salt thereof, and thereafter removing the protecting group or groups under sufficiently mild conditions to avoid destruction of the penicillin nucleus.

Without going into the detailed chemistry in relation to claim 12, the evidence before us shows that Bristol coupled 6-APA with the salt of an acid having the general formula XOH where X is an amino-substituted acyl group containing less than 20 carbon atoms and having the formula:—



where R may be any one of a number of groups of named compounds one of which is an "aryl" group. It seems to us therefore that in the manufacture of hetacillin Bristol do use a process for the preparation of a penicillin derivative with the general formula:—



Beecham therefore contend that on the *Saccharine* principle the importation and sale in Singapore of hetacillin constitutes an infringement of their two process claims, claim 1 of Patent No. 870395 and claim 12 of Patent No. 873049 unless it can be said that the use of their two patented processes by Bristol in the United States of America is trivial in relation to the imported product hetacillin.

In the manufacture of ampicillin Beecham start with 6-APA which is acylated by an acylatic acid and during the acylation reaction the amino (NH_2) group in the acylating agent is "protected" so that the amino group is prevented from reacting at this stage of the process. This "protection" to the amino group is given by the introduction into the chemical system of a positively changed hydrogen atom (H^+).

In the manufacture of hetacillin Bristol start with 6-APA which is acylated by a acylatic acid and acetone. It is a two-stage process during which, in the first stage, the acetone remains dormant when the ampicillin is produced. It is only in the second stage when the p^H is raised to near neutrality that the acetone then reacts with the ampicillin present to produce hetacillin.

Bristol contend that the *Saccharine* principle cannot be applied because at no stage during the manufacture of hetacillin can it be said that ampicillin as a substance has been isolated. They say that the ampicillin that is present is in solution, that it "remains as one of the solute constituents of the solution" only. They also contend that their way of "protecting" the amino group is different from that described in claim 12 and that therefore there can be no infringement of the process protected by claim 12. They contend that hydrochloride acid, the protecting agent used by them in the process of manufacturing hetacillin, is not specifically mentioned in the specification and that this way of protecting the amino group is a new and patentable (inventive) form of protection which even if it does not make the process a different one, at the very least makes it even more difficult to regard the patented process as playing a principal part in the process of making hetacillin. They also contend that hetacillin is an entirely new substance made by them, the existence of which was entirely unsuspected before and that it was discovered by their ingenuity so that even though during the course of the manufacture of this new and patentable substance, hetacillin, they use the steps of Beecham's patented process for the use of which they had a licence from Beecham, such use being outside the territory covered by the patent, the sale of hetacillin within the territory cannot constitute an infringement under the *Saccharine* principle as such sale cannot be said to be in any way a taking, directly or indirectly, of any part of the profit of the invention from the inventor. They say Beecham can quote no reported decision to support the applicability of the *Saccharine* principle in such a case.

We find there is no substance in the "solution" argument. The evidence is clear that undoubtedly ampicillin is formed in the first part of Bristol's process, albeit in solution. With regard to the "protecting" argument, the invention as claimed in the specification is the discovery of having to protect the amino group and the specification tells the best method preferably of carrying out the invention as follows:—

> "The protected aminoacyl derivatives of 6-APA are preferably prepared by reacting 6-APA with a mixed anhydride prepared by reacting the amino-substituted carboxylic acid or a salt thereof, having its amino group or groups protected, with an ester of chlorocarbonic acid, *e.g.* ethyl chlorocarbonate."

The specification goes on to describe other methods in the following terms:—

> "Other methods used to form the protected aminoacyl derivative of 6-APA are standard procedure employed in peptide synthesis and include the use of a reactive acid azide or a carbodi-amide reagent."

It seems to us therefore that Bristol do use a process in the manufacture of hetacillin which is covered by claim 12 of Beecham's Patent No. 873049 in the words "having its amino group protected". We are further of the opinion that on the evidence the use by Bristol of Beecham's process in the course of the manufacture by them of hetacillin cannot be said to be trivial in relation to the product hetacillin which has been imported and sold in Singapore and that the use of Beecham's process played a principal part in the process of making hetacillin. It follows in our opinion that the *Saccharine* [1] principle is, having regard to the reported decisions on this principle, clearly applicable in relation to the process claims.

It is therefore unnecessary for us to deal with the argument we have heard relating to the product claims but we think it right for us to indicate that until the matter has proceeded to a full trial the points raised and the affidavit evidence filed on behalf of the defendants are sufficiently weighty for us to be unable to say at this stage of the proceedings that hetacillin is in substance the medical equivalent of ampicillin.

The defendants contend, however, that in any event they are not liable in an action for infringement of Beecham's patents because of a licence agreement and one supplemental thereto made between Beecham and Bristol and another licence agreement between Beecham and Bristol Laboratories International S.A. (hereinafter referred to as "BLISA"), a subsidiary incorporated

in Panama of Bristol. They say the law is, on the authority of *Betts* v. *Willmott*,[2] that where an article, which is the subject of Letters Patent, is sold by or with the consent of the patentee, the purchaser takes the article together with an implied licence to deal with it as if it were not subject to a Letters Patent.

The facts relevant to this contention are these. Bristol manufactured hetacillin in New York and sold it in New York to its Panamanian subsidiary, BLISA. BLISA then transported the product it purchased to Panama and then re-sold it to the second defendant, Sime Darby, under which sale the property in the goods passed to Sime Darby in Panama. Sime Darby then imported it into Singapore and sold it here.

There are two licence agreements between Beecham and Bristol, the first made in 1959 and the other in 1960 which is a supplemental agreement amending the first agreement. The broad effect of these agreements is that Beecham, in consideration *inter alia* of the payment of royalties by Bristol, grants to Bristol for the duration of the agreement, the right and licence to manufacture, use and sell in the United States of America and Canada products embodying or made in accordance with or through the use of any of the inventions disclosed and claimed in Beecham's U.S.A. Patents.

Clause H of the sixth article of the first agreement provides that:—

"Nothing contained in this agreement shall be construed as preventing either party hereto from manufacturing, using or selling any product or from using any process or apparatus in any area of the world, except in so far as said party may be prevented from so doing by Letters Patent not licensed hereunder."

The eighteenth article of the first agreement provides that:—

"This agreement contains the entire understanding of the parties with respect to the matter herein contained. There are no restrictions, promises, covenants or undertakings other than those expressly set forth herein, and no rights and duties on the part of either party hereto, are to be implied or inferred beyond those expressly herein provided for . . . ."

The nineteenth article provides that the agreement shall be construed in accordance with the laws of the State of New York.

The supplemental agreement *inter alia* provides for a new royalty article in place of the seventh article of the first agreement. The relevant provisions of the new royalty article are:—

"A. For and in consideration of the rights and licences granted or to be granted by BEECHAM to BRISTOL hereunder, and in addition to the rights and licenses granted or to be granted by BRISTOL to BEECHAM hereunder, BRISTOL hereby agrees to pay to BEECHAM:—

(1) With respect to licensed products A which embody or are made in accordance with or through the use of an invention disclosed and claimed in an issued and unexpired patent included in licensed Beecham Patents, sold by BRISTOL or its subsidiaries or affiliates hereunder subsequent to the date on which such patent shall have issued and in the country of such patent,

a royalty equal to ten per cent (10%) of the net sales price of all such licensed products A sold in bulk for use in the United States of America, and

a royalty equal to five per cent (5%) of the net sales price of all such licensed products A sold otherwise;

in determining the rate of royalty applicable to sales of licensed products A and licensed products B in bulk under this article, BRISTOL shall be entitled to rely on its customer's statement at the time of such sales as to its intent regarding the country in which such licensed products A shall be used."

The other relevant provision of the supplemental agreement is in the following terms:—

"H

Nothing herein contained shall be deemed to alter or affect any of the provisions of the aforementioned agreement, made as of April 2, 1959, between the parties hereto except as is specifically provided in section I of the supplemental agreement."

The licence agreement between Beecham and BLISA was concluded on the same day as the first agreement between Beecham and Bristol. The broad effect of this agreement is that BLISA, a wholly owned subsidiary of Bristol and incorporated in Panama, is granted by Beecham a non-exclusive right and licence to manufacture, use and sell anywhere in the world except the countries listed in schedule B of the agreement products embodying or made in accordance with or through the use of any of the inventions disclosed and claimed in Beecham's U.S.A. Patents. One of the countries listed in schedule B and therefore *prima facie* excluded from the grant to BLISA is Singapore. This agreement also provides that it shall be construed in accordance with the laws of England.

It is essential in relation to the defence based on these licences to separate the two defendants, Sime Darby and Bristol.

We will take Bristol first. The action against Bristol is for infringement of Beecham's English Patents which have been registered in Singapore. By the statement of claim Beecham allege that Bristol has, by BLISA its subsidiary company, authorised and/or permitted and/or assisted Sime Darby to infringe the letters patent and/or has caused Sime Darby to act as its agent in such infringement. In the further alternative Beecham allege that the importation and sale committed by Sime Darby have been committed by Sime Darby pursuant to a joint venture between Sime Darby and Bristol directly and/or by Bristol's subsidiary BLISA so as to make Bristol jointly liable with Sime Darby.

It is not in dispute that Sime Darby did not purchase the hetacillin from Bristol but from

BLISA, a Panama company. It seems clear on the present evidence that Bristol sold to BLISA in New York in bulk hetacillin, part of which BLISA sold to Sime Darby. Nor do we think that it is in dispute that BRISTOL were entitled under their licence to manufacture the hetacillin — assuming for this purpose that hetacillin is ampicillin — that it sold in bulk to BLISA. Nor is it complained by Beecham that Bristol were not entitled to sell this hetacillin in bulk to BLISA in New York. On these facts it seems to us that Bristol have a good defence in law, by virtue of their licence agreements with Beecham, in respect of the claim for infringement of Beecham's patents as registered in Singapore arising out of the importation and sale of hetacillin by Sime Darby in Singapore.

We were referred to a judgment of the High Court of Kenya in the case of *Beecham Group Limited* v. *International Products Limited and Bristol-Myers Company,*[3] where the defence based on the licence agreements to Bristol and BLISA were fully argued. It would appear however from the judgment of Rudd J. that the first defendants in that case purchased outside Kenya from Bristol hetacillin and then imported and sold it in Kenya and that Beecham applied for an interlocutory injunction against the first defendants only and not against Bristol.

We agree with counsel for Bristol that Bristol were entitled under their licence agreements to do everything that they did in the United States of America.

We come now to Sime Darby. They contend that on the true construction of all the licence agreements, they have purchased the hetacillin with an implied licence from Beecham to deal with it as if it were not subject to any letters patent. They say that is a construction which the courts of the United States of America would give and which the English courts would, on the authority of *Betts* v. *Willmott, supra* and of Lindley L.J. in *Societe Anonyme des Manufactures de Glaces* v. *Tilghman's Patent Sand Blast Company*[4] at page 10, give.

The argument as we understand it is that Bristol under their licence agreements were authorisd by Beecham, the licensor, to manufacture and sell the licensed products free from the English Letters Patent. We do not agree.

A licensee's rights depends on his grant and *prima facie* a grant of a licence to sell in one country gives no rights to sell elsewhere. Bristol's licence agreements in our view do not extend these *prima facie* rights and clause H of the sixth article, which we have earlier set out, clearly indicates that Bristol cannot sell where Beecham or any one else for that matter has any patent which can prevent Bristol from so selling.

It is contended on behalf of Sime Darby that the new seventh article of the supplemental agreement, which replaces the seventh article of the first agreement, has been put in with the purpose of authorising sales all over the world. As a pure matter of construction we are of the opinion that it could have no effect on the grant in view of the express provisions of section II of the supplemental agreement we have earlier set out that nothing contained therein shall be deemed to alter or affect any of the provisions of the first agreement except as is specifically provided in section I of the supplemental agreement. We can find in these two agreements no indication that Beecham granted or purported to grant any right whatever to sell the licensed products anywhere in the world. On the contrary they expressly limit Bristol's right to manufacture, use and sell to the United States of America and Canada.

We are also of the opinion that *Betts* v. *Willmott, supra,* does not assist Sime Darby. That was a case of a vendor and purchaser relationship and the principle established in that case can be found in the judgment of Cotton L.J. in the later case of *Societe Anonyme des Manufactures de Glaces* v. *Tilghman's Patent Sand Blast Company,*[4] at page 9 as follows:—

> "When an article is sold without any restriction the buyer, whether it is manufactured under one or the other patent, that, in my opinion, as against the vendor gives the purchaser an absolute right to deal with that which he so buys in any way he thinks fit, and of course that includes selling in any country where there is a patent in the possession of and owned by the vendor."

Under English law, on the facts in our case which involve a purchase from a licensee *Tilghman's case* clearly applies and Sime Darby can obtain no rights which Bristol did not obtain under their licence agreements.

So far as the law in the State of New York is concerned we agree with the judgment of the High Court of Kenya, which after dealing with the American cases cited to it on the matter and and the arguments of counsel based on those cases, came to the conclusion that a purchaser from Bristol by importing and selling the same licensed products that are the subject matter of the present action obtained no freedom from the patents in another country where the patentee has not authorised a sale free from his patents in the other country and accordingly a *prima facie* case of infringement of Beecham's patent rights had been established.

As regards the licence agreement in favour of BLISA, that is governed by English law and the licence clearly excludes Singapore from the territories where BLISA may sell without infringement Beecham's patent rights. We accordingly hold that Sime Darby *prima facie* has no defence based on all the licence agreements.

As regards the balance of convenience Buttrose J. in the court below came to the conclusion on the evidence that greater damage would arise to Beecham by withholding the injunction in the event of them succeeding than to the defendants by granting the injunction in the event of the injunctiotn proving afterwards to have been wrongly granted. We now have to deal only with the position between Beecham and Sime Darby and we are of the opinion that the balance of convenience is clearly in favour of granting the interlocutory injunction. The harm caused to Beecham by withholding the injunction should they eventually succeed would in our opinion be immeasurably greater than the harm that would be caused to Sime Darby should their defence to the action for infringement eventually succeed.

For all these reasons we would allow the appeal by Bristol and dismiss the appeal by Sime Darby. The order for costs made by Buttrose J. stands as there is no appeal against that order. Beecham, the respondents are entitled as against Sime Darby to the costs here. As between Beecham and Bristol each party should bear its own costs of the appeal. We certify for two counsel.

Appeal by the 1st appellant dismissed.

Appeal by the 2nd appellant allowed.

Solicitors: *Donaldson & Burkinshaw; Drew & Napier.*

PUBLIC PROSECUTOR v. PERIASAMY

[A.Cr.J. (Chang Min Tat J.) August 15, 1968]
[Ipoh — Criminal Appeal No. 3 of 1968]

Income Tax — Late filing of returns — Allegation of insufficient time to file returns — Returns not filed after 5 months from return date of summons — Proper sentence — Income Tax Ordinance, 1947, s. 61A.

This was an appeal against the magistrate's sentence cautioning and discharging the respondent on his plea of guilty to not filing his income tax returns within 30 days from the date they were sent to him. In fact the returns had not been filed when the summons was taken out some five months after the returns were sent to him.

Held: in the circumstances of this case it cannot be properly said that the respondent had no sufficient time to compile the returns and submit them and the sentence should be set aside and a fine of $150 imposed.

Case referred to:—

(1) *Public Prosecutor* v. *Lee Seng Seh* [1966] 1 M.L.J. 266.

MAGISTRATE'S CRIMINAL APPEAL.

M. Mahalingam (Deputy Public Prosecutor) for the appellant.

G. Moganasundram for the respondent.

Chang Min Tat J. (delivering oral judgement): This is an appeal against the learned magistrate's sentence cautioning and discharging the respondent on his plea of guilty to an offence under section 61A of the Income Tax Ordinance No. 48 of 1947.

As I have on several occasions said, I am always loathe to disturb the sentence of the learned trial magistrate but where the learned magistrate has proceeded on wrong grounds then it becomes my duty to assess the adequate sentence. Before proceeding to do so, I propose to treat the respondent as a first offender in view of the failure of the prosecution to prove adequately and satisfactorily the previous conviction of the respondent on a similar charge.. It is however submitted to me with great persuasion that the respondent had not sufficient time to submit his returns. This submission carried great force also with the magistrate. The magistrate also considered that the two forms in which the respondent was required to fill the particulars required were voluminous and could not be completed in a short time.

The forms were sent to the respondent on the 8th November, 1967 and the respondent was required to fill in the particulars within 30 days, that is on or before the 8th December, 1967. The particulars were, I find, nothing more or less than the summary of the respondent's previous returns for the year 1960 — 1966. They are a repeat of what the respondent had previously submitted and were required as is the well known practice of the Department of Inland Revenue in their re-examination of any particular taxpayer's return. Such particulars were not voluminous nor should they be difficult to obtain. In any event the summons was not taken out until the 28th March, 1968. The return date was the 2nd May, 1968. The respondent had 5 months at the least in which to make the returns. If at any time between the 8th December, 1967 and the 2nd May, 1968, he had made the returns then I am very sure that on the return date of the summons a sentence cautioning and discharging the respondent would have been made by the magistrate and would have been the proper one. The fact was, as I take it, that on the 2nd May, 1968, the returns had not as yet been made. In the circumstances of the case I do not think it can be properly said that the respondent had no sufficient time to compile the returns and submit them.

The sentence is set aside. I record the conviction on his plea of guilty and I impose a fine of $150.

In conclusion I would recommend to magistrates in dealing with Income Tax cases to pay some attention to what my learned brother Raja Azlan Shah has said in *Public Prosecutor* v. *Lee Seng Seh* [1] at page 267.

Appeal allowed.

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